

**AN ORDINANCE OF THE COMMON COUNCIL OF
THE CITY OF FORT WAYNE, INDIANA,
AUTHORIZING AND APPROVING THE ENTRY
INTO AN INTERLOCAL AGREEMENT FOR THE
INVESTMENT OF PUBLIC FUNDS.**

WHEREAS, I.C. 36-1-7 (the "Interlocal Law") authorizes political subdivisions to enter into interlocal cooperation agreements for the joint exercise of powers; and

WHEREAS, the City of Fort Wayne, Indiana (the "City"), has public funds which are eligible for investment pursuant to the provisions of I.C. 5-13, and regularly exercises its power to invest such moneys pursuant to the provisions thereof; and

WHEREAS, the Interlocal Law requires that any interlocal cooperation agreement be approved and authorized by the fiscal body of such participating political subdivision; and

WHEREAS, the Common Council of the City of Fort Wayne, Indiana (the "Council"), is the fiscal body and the legislative body of the City and the City desires to enter into an interlocal agreement for the joint exercise of the power to invest public funds.

**NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE
CITY OF FORT WAYNE, INDIANA:**

SECTION 1. The Council does hereby authorize and approve the entry by the City into the Interlocal Agreement dated as of _____ (the "Agreement"), constituting an interlocal cooperation agreement by and among the Indiana participants that enter into the Interlocal Agreement (the "Participants"), and an agreement for services by and among the Participants, Bank One, Indianapolis, N.A., as Custodian, and MBIA Municipal Investors Service Corporation, a copy of which has been presented to this Council and is attached here.

SECTION 2. The City Controller is the investing officer (as defined in I.C. 5-13-9) of the City (the "Investing Officer") and is hereby designated as the representative to the Board of Representatives described and set forth in the Agreement.

SECTION 3. The execution and delivery of the Participation Certificate, in the form attached as Exhibit D to the Agreement (as modified and completed for execution by the City), by the Mayor of the City are hereby authorized and approved to evidence the entry into the Agreement by the City as a Participant.

SECTION 4. The Investing Officer is authorized to return the executed Participation Certificate to MBIA Municipal Investors Service Corporation and to take any such other action as may be necessary to effectuate the participation by the City in the Agreement, and is further authorized to take such other actions as may be necessary or desirable for the investment of funds of the City pursuant to the Agreement.

SECTION 5. That this Ordinance be in effect from and after its passage and any and all necessary approval by the Mayor and upon compliance with the procedures required by law.

Council Member

APPROVED AS TO FORM AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay, City Attorney

Read the first time in full and on motion by Crawford,
and duly adopted, read the second time by title and referred to the Committee on
Finance, (and the City Plan Commission for recommendation)
and Public Hearing to be held after due legal notice, at the Common Council Conference
Room 128, City-County Building, Fort Wayne, Indiana, on _____,
the _____ day of _____, 19____, at _____
o'clock _____ M., E.S.T.

DATED: 3-25-97

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by Crawford,
and duly adopted, placed on its passage. PASSED
by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	<u>9</u>			
BENDER	<u>r</u>			
CRAWFORD	<u>✓</u>			
EDMONDS	<u>✓</u>			
HALL	<u>✓</u>			
HAYHURST	<u>✓</u>			
HENRY	<u>✓</u>			
LUNSEY	<u>✓</u>			
RAVINE	<u>✓</u>			
SCHMIDT	<u>✓</u>			

DATED: 4-8-97

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana,
as (ANNEXATION) _____ (APPROPRIATION) _____ (GENERAL) _____ (SPECIAL) _____

(ZONING) _____ ORDINANCE _____ RESOLUTION NO. S-31-97
on the 8th day of April, 19 97

ATTEST: Sandra E. Kennedy SEAL Thomas P. Henry
SANDRA E. KENNEDY, CITY CLERK PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the
9th day of April, 19 97,
at the hour of 11:00 o'clock AM, M., E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 11th day
of April, 19 97, at the hour of 7:30
o'clock A M., E.S.T.

Paul Helmke
PAUL HELMKE, MAYOR

MBIA



Invest INDIANA

Information Statement

*MBIA Municipal Investors
Service Corporation*

INFORMATION STATEMENT

Invest Indiana

General Information

Invest Indiana is the name used to designate an Indiana public sector investment program which was established pursuant to an Interlocal Agreement ("the Interlocal Agreement") dated as of October 1, 1996 by and among certain Indiana governmental and public entities (the "Participants"), MBIA Municipal Investors Service Corporation ("MBIA-MISC"), as Program Administrator, and Bank One, Indianapolis, N.A., as Custodian.

The purpose of **Invest Indiana** program is to provide certain Indiana public sector entities the opportunity to invest in concert utilizing an alternative designed specifically for public funds. **Invest Indiana** only invests public sector funds in securities which are legally permitted pursuant to Indiana law.

Program Objectives

In recognition of the fact that the investments of the Participants are public funds temporarily invested until needed for expenditure for local government purposes, the **Invest Indiana** program seeks to maximize the following characteristics: **safety, liquidity, convenience, and competitive rates of return.**

Safety

The **Invest Indiana** program seeks to maximize investment safety through the purchase only of securities which are legally permitted pursuant to Indiana law. Safety is further enhanced by limiting the term of specific investments as well as the weighted average maturity of the entire portfolio to correspond conservatively with cash flow expectations and to mitigate any market timing risk.

It is expected that all funds will be invested each day. All securities invested pursuant to the program and/or securities which collateralize short-term repurchase agreements, are delivered to the Custodian to be held on a perfected security basis for the exclusive protection of the Participants until maturity or sale. In the case of repurchase agreement transactions, securities subject to repurchase will equal in current market value at least 102% of the amount of the agreement and are marked to market daily.

Liquidity

Liquidity is a key element of the program, because Participants may deliver or withdraw funds on any business day with only same day notice required up to the amount of their current account balances, including accrued interest and/or capital gains realized thereon (except for extraordinary circumstances). Portfolio maturity and duration parameters are established to provide for the liquidity needs of the Participants. The net result of these liquidity features is that the market value fluctuations associated with traditional fixed-term investments are significantly mitigated, and Participant cash is available in the amount necessary when needed.

Convenience

Many program features assure convenient account access and ease of record keeping. For example, daily funds may be wired into or out of **Invest Indiana** accounts using toll-free FAX or phone instructions to MBIA-MISC, along with bank notification where required. All investment or payment forms are designed to be easy to use. Any number of Participant accounts may be established to track and parallel internal fund accounting structures. Monthly statements are comprehensive and provide daily account activity, transaction numbers, portfolio security positions and pledged collateral (with corresponding CUSIP identifier numbers). Monthly statements establish a clear accounting and audit trail for Participant investment records.

Account information or assistance is available every business day from MBIA-MISC's customer service staff. Transaction notifications can be done in advance in anticipation of important dates, and are handled reliably, avoiding unfortunate timing issues or cash access emergencies.

All program features have been designed in consultation with people who have public sector financial experience to facilitate the maximum level of cash management efficiency and simplicity. **Invest Indiana** is a program created and controlled by its Participants and user involvement, feedback, and suggestions in all aspects of the program are encouraged through periodic Participant meetings and surveys.

Competitive Returns

By investing together, Participants can take advantage of certain economies of scale relative to transaction and clearance costs, custody arrangements, and valuation costs. In addition, overall portfolio performance is enhanced as a result of the effect of differences in cash flow cycles from one Participant to another, allowing longer average investment maturities than would be the case if Participants invested alone, thereby increasing aggregate portfolio yields. In addition, this Program permits all participants to benefit from professional investment advisory advice.

There can be no guarantee or assurance of program yields or rates of return and to the extent such information is available on a historical basis there can be no assurance that such yields or rates of return can be replicated.

Permitted Investments

Investment Funds may only be invested in a manner that is permitted pursuant to the laws of the State of Indiana. Unless Indiana law permits otherwise, all investments must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement. Unless Indiana law permits otherwise, repurchase agreements must be entered into with designated depositories (under IC 5-13-8.5) and must be fully collateralized by interest bearing obligations issued or fully insured or guaranteed by the United States, a United States government agency, a United States instrumentality, or a federal

government sponsored enterprise which collateral must be valued daily and adjusted as required by the provisions of IC 5-13-9-3.

Program Services

Participants will be able to open as many accounts as desired at no cost. Account security features will be utilized to protect the Participants against fraud or error; only pre-designated signatory representatives of the Participants may execute transactions; funds may be wired or transferred only to pre-designated depository or transaction accounts; investments and payments will be confirmed by fax or mail on the day they are executed; Participant Identification Numbers ("PIN's") will be assigned to Participants for telephonic transaction instructions; and Participants may call toll free "800" numbers for account updates on any day that banks in Indiana are legally open for business.

There are no program limits on the dollar amount or number of daily transactions. Participant investments may be made at any time during the business day, with interest posted on such investment for that day, *subject to notification of the Program Administrator prior to 11:00 A.M., by FAX or phone, that an investment will be made.* Investments made after 11:00 A.M. will be posted the next business day. Payment requests received by the Program Administrator *prior to 11:00 A.M.* will be processed and paid the same day. Those payment requests received after that time will be processed on the next business day. Investment or payment notifications may be made in advance at any time. Payment requests, which will be executed on any day on which Indiana banks are open for business, can be in any amount, up to the total balance in a Participant's accounts. Payments are made from accounts through outgoing bank wire credits to a Participant's pre-designated accounts. There are no outgoing wire charges by the program to Participants. With regard to moneys wired into **Invest Indiana** accounts, Participants are responsible for wire charges levied by their own banks.

Participants receive regular monthly statements for each account indicating daily earnings, investment, payment and transfer activity (funds transferred from one Participant account to another). Other statement information includes rate summaries, securities held on behalf of Participants, and securities underlying repurchase agreements. Statements are designed to facilitate public sector fund accounting and audit procedures, and have been considered a valuable program feature.

MBIA-MISC, an SEC-registered investment advisor, serves as **Invest Indiana** Program Administrator. Each Participant appoints MBIA-MISC as the Program's Administrator under the Interlocal Agreement, subject to the overall supervision of the Board of Representatives acting through the Treasurer executed by the Board of Representatives.

The Participants and the Board of Representatives delegate no investment discretion to the Program Administrator and the Program Administrator refuses to accept any delegation of such discretion. The decision concerning how to invest or not to invest shall remain at all times with the Board of Representatives acting through its Treasurer.

Subject to the supervision of the Board of Representatives, acting through its Treasurer, MBIA-MISC, as Program Administrator, will perform the following services:

- advise the Board of Representatives generally concerning investments, and on each Business Day advise the Treasurer regarding the particular investments (type, maturity and amount) which appear to the Program Administrator to be advantageous to the Participants;
- after consultation with the Treasurer on each Business Day, assist the Treasurer in making, or cause to be made on behalf of the Treasurer, such securities transactions which are directed by the Treasurer;
- from time to time, review the permitted investments and the investment criteria, and if circumstances and applicable law permit, recommend changes in such investment criteria; provided the investment criteria can not be changed without approval of the Treasurer, on behalf of the Board of Representatives;
- provide such advice and information to the Participants and the Board of Representatives on matters related to investments as may be reasonably requested; and
- perform certain administrative functions on behalf of the Board of Representatives in connection with the Interlocal Agreement.

MBIA-MISC is a wholly owned subsidiary of MBIA Inc., located at 113 King Street, Armonk, NY 10504. A 'sister' company to MBIA-MISC is MBIA Insurance Corporation, also wholly owned by MBIA Inc., which is the nation's leading financial guarantor. MBIA Inc. is a publicly owned company listed on the New York Stock Exchange under the symbol 'MBI'. The holding company and its subsidiaries specialize in providing services which promote the financial efficiency of the public sector. MBIA-MISC provides investment advisory and/or administrative services for similar public sector cooperative investment programs in a number of states across the country.

MBIA-MISC utilizes the services of MBIA Capital Management Corp., an SEC-registered investment advisor and NASD member firm that is wholly owned by MBIA Inc. MBIA Capital Management Corp. was created to provide fixed-income investment management and trading services to MBIA's public sector clients.

The **Invest Indiana** Custodian is Bank One, Indianapolis, N.A. The Custodian is, among other things, responsible for the receipt and safekeeping of all cash, securities or other assets comprising the cooperatively invested assets. The Custodian also collects the income on investments in accordance with provisions in the Interlocal Agreement. The Custodian is required to hold the investments under the Interlocal Agreement separate and apart from other property of the Custodian and assure that such property is never deemed an asset or liability of the Custodian.

An annual independent audit of **Invest Indiana** is conducted by Price Waterhouse which is located at 153 East 53rd Street, New York, New York 10022.

The Indiana law firms of Baker & Daniels and Barnes & Thornburg have rendered opinions to the Program Administrator to the effect that the investment of public funds pursuant to the Interlocal Agreement complies with IC 5-13-9 and IC 36-1-7.

Program Fees

Pursuant to the Interlocal Agreement, MBIA-MISC is paid 0.50%, or fifty basis points, of the aggregate average balances under management, calculated on a daily basis utilizing a formula which multiplies program assets by .0050 and divides the result by 365 to determine the daily fee. The fee is deducted from the total daily investment earnings of the portfolio before any investment earnings are distributed to the Participant accounts. From its fee, the Program Administrator pays the Custodian's fee. The Program Administrator has retained MBIA Capital Management Corp. at the cost of the Program Administrator to provide investment advice. In addition, the Program Administrator's fee covers the following costs of program operation: The costs of third parties retained by the Program Administrator to render investment advice, all custodial and securities clearance transaction charges, the cost of valuing investments, all investment record-keeping expenses, the costs of preparing monthly and annual reports, the expenses of the Program's outside auditors (but only if the Program Administrator selects such auditors), the fees of the Program Administrator's legal counsel, the cost of meetings of the Board of Representatives, (but not including the attendance costs of the Representatives), outgoing wire charges of the Custodian and the costs of Participant surveys and mailings. The fees and expenses of any letter of credit or other credit or liquidity enhancement obtained for the benefit of the Participants and the cost of obtaining a rating, if any, on the Interlocal Agreement from a nationally recognized statistical rating organization shall be borne by the Participants.

Fees may be waived or abated at any time, or from time to time, at the sole discretion of the Program Administrator. Should such fees be waived or abated by the Program Administrator, it remains the obligation of the Program Administrator to pay the costs of INvest Indiana as provided in the Interlocal Agreement during the period of the waiver or abatement.

Participation Eligibility and Additional Information

Participation in **Invest Indiana** is available currently to any Indiana political subdivision as authorized under state and local law to participate in the Interlocal Agreement.

To join, the Interlocal Agreement must be approved by the fiscal body of each Participant (and by the legislative body of each Participant if not the same as the fiscal body) and the Agreement must be executed by the executive of each Participant. After approval and execution, the Participant will send the fully executed Participation Certificate to MBIA-MISC for acceptance. After acceptance, MBIA-MISC will then notify the Custodian in writing and commence

the procedures necessary for the new Participant to begin investing pursuant to the Interlocal Agreement. In addition, the Agreement must be recorded with the county recorder of each county in which a Participant is located.

This Information Statement is designed to provide a general overview of the **Invest Indiana** program. Reference should be made to the Interlocal Agreement for a complete description of the rights and obligations of the Participants.

To obtain further program information, account information, assistance and program updates, the Customer Service personnel are available on any business day from 8:00 A.M. to 6:15 P.M. New York Time. Participants may contact Customer Service as follows:

For information	1-800-395-5505
For recorded transactions	1-800-765-8544
Transaction FAX	1-800-765-7600 or, if busy
	1-800-765-4828

January 1, 1997

DIGEST SHEET

TITLE OF ORDINANCE SPECIAL ORDINANCE

DEPARTMENT REQUESTING ORDINANCE CONTROLLER OFFICE

SYNOPSIS OF ORDINANCE APPROVES INTERLOCAL AGREEMENT FOR THE INVESTMENT OF
PUBLIC FUNDS.

EFFECT OF PASSAGE INTERLOCAL AGREEMENT APPROVED.

EFFECT OF NON-PASSAGE INTERLOCAL AGREEMENT NOT APPROVED.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) _____

ASSIGNED TO COMMITTEE (PRESIDENT) _____

Memo

To: Members of City Council
From: David K. Sedestrom, Deputy Controller 
CC: Kathy Friend, City Controller
Date: March 24, 1997
Re: INvest Indiana Fund

Attached you will find an ordinance authorizing the City of Fort Wayne to make investments in the **INvest Indiana Fund**. INvest Indiana is a program administered by MBIA Municipal Investors Services Corporation that provides certain Indiana public sector entities the opportunity to invest in concert in securities legally permitted pursuant to Indiana law. The objective of the fund is to allow participants the opportunity to temporarily invest public funds in a pool with other entities, so as to allow higher yielding returns than typical overnight investment accounts, while still satisfying the requirements of safety, liquidity, and legality.

Included with this attachment is an information statement about the INvest Indiana fund that provides more details about the fund and its administration. While it is unknown exactly how often or in what quantities the City of Fort Wayne would utilize this investment option (since this, like all investment options, will be judged on its relative returns compared to other options at a given time), we feel that having this option will allow greater opportunities for earnings on our short term holdings.

BILL NO. S-97-03-20

REPORT OF THE COMMITTEE ON FINANCE

JOHN N. CRAWFORD - DONALD J. SCHMIDT - CO-CHAIR
ALL COUNCIL MEMBERS

WE, YOUR COMMITTEE ON FINANCE TO WHOM
WAS REFERRED AN (ORDINANCE) (~~RESOLUTION~~) of the Common Council
of the City of Fort Wayne, Indiana, authorizing and approving the entry
into an Interlocal Agreement for the investment of public funds

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION
AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID
(ORDINANCE) (~~RESOLUTION~~)

DO PASS

DO NOT PASS

ABSTAIN

NO REC

<i>John N. Crawford</i>	_____	_____	_____
<i>Donald J. Schmidt</i>	_____	_____	_____
<i>Thomas E. Hayden</i>	_____	_____	_____
<i>William J. Bender</i>	_____	_____	_____
<i>Robert J. Carver</i>	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

DATED: 4-8-97.

Sandra E. Kennedy
City Clerk